

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3643-01
BILL NO.: HB 1729
SUBJECT: Health Care; Health, Public; State Departments
TYPE: Original
DATE: April 4, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
All Funds	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance (INS)**, **Department of Transportation (DHT)**, **Missouri Department of Conservation (MDC)**, **Department of Public Safety - Missouri State Highway Patrol (MHP)**, **Department of Social Services (DOS)** and **Department of Health (DOH)** assume this proposal would not fiscally impact their agencies.

Missouri Consolidated Health Care Plan (HCP) officials assume this proposal would require any mandated health benefit approved by the General Assembly to apply only to the HCP for a period of at least one year. HCP assumes a statewide mandated benefit would control cost better and give a better estimate of the overall cost. However, if the mandated benefit would only apply to HCP, cost may not be representative on a statewide basis depending upon HCP's utilization.

HCP states that due to the uncertainty of what mandated benefits the General Assembly may approve, plans would hesitate to bid or refuse to enter into any contracts for longer than one year affecting HCP's purchasing power and plan stability. Also plans may experience difficulties with producing the cost and utilization data in a timely manner. With the March 1st deadline some plans may not be able to produce a full year's information necessary for HCP to evaluate the impact. HCP assumes there would also be a cost to track and report data.

Depending on the mandated benefit approved by the General Assembly, HCP could see a rise in cost for dependent coverage and/or employee coverage. Members may join HCP just to utilize this benefit resulting in additional premium costs for the state. Members may also seek this benefit regardless of health condition causing over-utilization in some areas.

In addition, HCP assumes since the mandated benefit would not become law until August of each year, any cost required as a result of the mandated benefit would not be accounted for in the previously approved budget. The state would have to find new funds to cover the cost of the mandated benefits.

HCP assumes since this proposal leaves so many uncertainties, it is not possible to report an actual dollar amount in connection with its fiscal impact. However, depending upon the mandate it could be very significant, even several million dollars.

Oversight assumes depending on the mandate, costs could exceed \$100,000 in a given year. However, without any new mandated health insurance coverage, Oversight assumes this legislation would have no direct fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Possible small insurance cost savings may result from this proposal to certain small businesses since any new mandated health insurance coverage would apply only to the Missouri Consolidated Health Care Plan for the first year.

DESCRIPTION

This proposal would require that any new mandated health insurance coverage would apply only to the Missouri Consolidated Health Care Plan (MCHCP) for one year. Following the one-year period, the board of the MCHCP would submit to the General Assembly a report describing the effect of the mandated coverage on the MCHCP. The board would also recommend whether the mandated coverage should continue. The proposal would also require the General Assembly to periodically review any health insurance coverage mandated by the state.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Insurance
Department of Transportation
Missouri Department of Conservation
Department of Public Safety
Missouri State Highway Patrol
Department of Social Services
Department of Health
Missouri Consolidated Health Care Plan

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is fluid and cursive, with the first name "Jeanne" and last name "Jarrett" clearly distinguishable.

Jeanne Jarrett, CPA
Director
April 4, 2000